

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

Year Ended June 30, 2011

TABLE OF CONTENTS

		<u>Page</u>
Independent Auditor's Report		1 - 2
Financial Statements:	<u>Statement</u>	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	1	3 - 4
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)	2	5
Statement of Cash Receipts and Expenditures - Actual and Budget:		
General Fund	3	6
Supplemental General (Local Option)	3	7 - 8
At Risk Fund	3	9
Capital Outlay Fund	3	10
Driver Training Fund	3	11
Extraordinary School Program Fund	3	12
Food Service Fund	3	13
Professional Development Fund	3	14
Summer School Fund	3	15
Special Education Fund	3	16
Vocational Education Fund	3	17
KPERs Special Retirement Contribution Fund	3	18
Contingency Reserve Fund	3	19
Federal Grants	3	20
Recreation Commission Fund	3	21
Textbook and Student Material Revolving Fund	3	22
Other Federal Grant	3	23
Other Grants	3	24
Building Activity Funds	3	25
Needy Children Fund	3	26
Endowment Fund	3	26
World War II Memorial Trips	3	27
Agency Funds - Student Organization Funds - Statement of Cash Receipts and Disbursements - Actual	4	28 - 29
District Activity Funds - Statement of Cash Receipts, Expenditures and Unencumbered Cash	5	30
Notes to Financial Statements		31 - 39

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

Year Ended June 30, 2011

TABLE OF CONTENTS  
(Continued)

	<u>Schedule</u>	<u>Page</u>
Supplementary Information:		
Detailed Schedule of General Fund Expenditures - Compared with Budget	1	40 - 42
Funds on Deposit Compared with Depository Security	2	43
Schedule of Expenditures of Federal Awards	3	44 - 45

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Lyndon Unified School District No. 421

We have audited the accompanying financial statements of Lyndon Unified School District No. 421, Lyndon, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Lyndon Unified School District No. 421, Lyndon, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, Lyndon Unified School District No. 421, Lyndon, Kansas, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lyndon Unified School District No. 421, Lyndon, Kansas, as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Lyndon Unified School District No. 421, Lyndon, Kansas, as of June 30, 2011 and its cash receipts and expenditures and budgetary comparisons for the year then ended, on the basis of accounting described in Note 2.

The schedules and supplementary information listed in the table of contents have been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, such supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Hoff & Berry*

May 17, 2012

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSASSUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add:	
						Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental type funds:							
General funds:							
General	\$ (247,850)	\$ -	\$ 3,295,723	\$ 3,279,560	\$ (231,687)	\$ 3,235	\$ (228,452)
Supplemental general (local option)	(47,875)	-	692,243	646,143	(1,775)	32,999	31,224
Special revenue funds:							
At risk	-	-	161,811	161,811	-	-	-
Capital outlay	1,298,105	-	83,571	53,557	1,328,119	30,028	1,358,147
Driver training	20,223	-	9,164	14,798	14,589	-	14,589
Extraordinary school program	20,245	-	20,238	20,194	20,289	280	20,569
Food service	55,102	-	199,323	203,031	51,394	-	51,394
Professional development	7,814	-	-	689	7,125	1,080	8,205
Summer school	2,744	-	4,390	4,154	2,980	-	2,980
Special education	200,714	-	604,436	570,107	235,043	124,287	359,330
Vocational education	-	-	58,116	58,116	-	-	-
KPERS contribution	-	-	167,617	167,617	-	-	-
Contingency reserve	82,767	-	-	-	82,767	-	82,767
Federal grants	5,059	-	60,868	56,973	8,954	-	8,954
Recreation commission	-	-	48,539	48,539	-	-	-
Other federal grants	(20,659)	-	33,829	51,500	(38,330)	27,263	(11,067)
Textbook and student material revolving	2,272	-	15,548	17,527	293	5,025	5,318
District activity	8,155	-	23,305	27,721	3,739	-	3,739
Fiduciary type funds:							
Expendable trusts:							
Other grants	1,525	-	-	-	1,525	-	1,525
Building activity	4,303	-	27,613	26,501	5,415	-	5,415
Needy children	1,031	-	-	-	1,031	-	1,031
Endowment	1,364	-	1,180	1,000	1,544	-	1,544
World War II Memorial Trips	11,897	-	-	-	11,897	-	11,897
	\$ 1,406,936	\$ -	\$ 5,507,514	\$ 5,409,538	\$ 1,504,912	\$ 224,197	\$ 1,729,109

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
(Continued)  
For the Year Ended June 30, 2011

Composition of cash:

Lyndon State Bank, Lyndon, Kansas:

Insured money market account

\$ 322,219

General account

1,860,956

2,183,175

Add: deposits in transit

-

Less: outstanding warrants

459,001

\$ 1,724,174

Activity fund account

51,001

Add: deposit in transit

-

Less: outstanding warrants

3,628

47,373

Petty cash

1,195

Add: deposit in transit

-

Less: outstanding warrants

-

1,195

Total cash

1,772,742

Agency funds per Statement 4

43,633

\$ 1,729,109

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
(BUDGETED FUNDS ONLY)  
For the Year Ended June 30, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply With Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
Governmental fund types:						
General funds:						
General	\$ 3,306,690	\$ 18,815	\$ -	\$ 3,325,505	\$ 3,279,560	\$ 45,945
Supplemental general (local option)	640,000	-	-	640,000	646,143	(6,143)
Special revenue funds:						
At risk	148,444	-	-	148,444	161,811	(13,367)
Capital outlay	1,309,439	-	-	1,309,439	53,557	1,255,882
Driver training	38,582	-	-	38,582	14,798	23,784
Extraordinary school program	36,995	-	-	36,995	20,194	16,801
Food service	229,928	-	-	229,928	203,031	26,897
Professional development	7,814	-	-	7,814	689	7,125
Summer school	5,244	-	-	5,244	4,154	1,090
Special education	768,689	-	-	768,689	570,107	198,582
Vocational education	59,675	-	-	59,675	58,116	1,559
KPERS contribution	227,567	-	-	227,567	167,617	59,950
Federal grants	55,932	-	-	55,932	56,973	(1,041)
Recreation commission	38,925	-	-	38,925	48,539	(9,614)

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>GENERAL FUND</u>			
Cash receipts:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 353,333	\$ 335,031	\$ 18,302
Delinquent tax	8,487	7,150	1,337
General state aid	2,378,378	2,469,433	(91,055)
Special education aid	444,385	437,975	6,410
ARRA stabilization funds	57,101	57,101	-
Refunds	<u>54,039</u>	<u>-</u>	<u>54,039</u>
Total cash receipts	<u>3,295,723</u>	<u>\$ 3,306,690</u>	<u>\$ (10,967)</u>
Expenditures and transfers subject to legal maximum budget:			
Instruction	1,829,881	\$ 1,813,971	\$ (15,910)
Support services:			
Student support service	81,792	95,200	13,408
Instruction support	72,223	72,300	77
General administration	323,498	324,900	1,402
School administration	219,268	204,700	(14,568)
Operations and maintenance	12,155	-	(12,155)
Student activities	-	-	-
Transportation	130,157	131,700	1,543
Transfers	610,586	663,919	53,333
Adjustment to legal maximum budget	<u>-</u>	<u>18,815</u>	<u>18,815</u>
Total expenditures subject to legal maximum budget	<u>3,279,560</u>	<u>\$ 3,325,505</u>	<u>\$ 45,945</u>
Total cash receipts over (under) expenditures	16,163		
Unencumbered cash, July 1	<u>(247,850)</u>		
Unencumbered cash, June 30	<u>\$ (231,687)</u>		

See accompanying notes to financial statements.



LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>SUPPLEMENTAL GENERAL</u> <u>(LOCAL OPTION)</u>			
Cash receipts:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 311,948	\$ 287,911	\$ 24,037
Delinquent tax	5,778	4,864	914
Motor vehicle tax	32,422	34,027	(1,605)
Recreational vehicle tax	1,182	1,321	(139)
Supplemental state aid	340,569	305,646	34,923
ARRA stabilization funds	-	-	-
Other	<u>344</u>	<u>-</u>	<u>344</u>
Total cash receipts	<u>692,243</u>	<u>\$ 633,769</u>	<u>\$ 58,474</u>
Expenditures:			
Instruction:			
Salaries	16,173	\$ 30,000	\$ 13,827
Employee benefits	-	30,000	30,000
Teaching supplies	17,501	10,000	(7,501)
Textbooks	(28,242)	100	28,342
Supplies (technology related)	3,614	12,000	8,386
Miscellaneous supplies	6,760	37,000	30,240
Activities	36,479	-	(36,479)
Property (equipment and furnishings)	395	500	105
Student support services:			
Purchased services other	(75)	1,000	1,075
Supplies	1	500	499
Other	-	2,500	2,500
Instruction support staff:			
Purchased services - other	1,376	-	(1,376)
Technology supplies	145	500	355
Miscellaneous supplies	2,689	3,000	311
Equipment	511	-	(511)
Other	-	200	200
General administration:			
Other	116	150	34
School administration:			
Property	-	275	275
Other	1,862	3,000	1,138
Transfers:			
Driver training	6,500	15,000	8,500
Extraordinary school program	6,500	-	(6,500)
Food service	15,000	5,000	(10,000)
Vocational education	58,116	49,675	(8,441)
Special education	<u>159,247</u>	<u>65,000</u>	<u>(94,247)</u>
Expenditures - forward	<u>\$ 304,668</u>	<u>\$ 265,400</u>	<u>\$ (39,268)</u>

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
(Continued)  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
SUPPLEMENTAL GENERAL (LOCAL OPTION) (Continued)			
Total cash receipts - forward	\$ 692,243	\$ 633,769	\$ 58,474
Expenditures - forward	304,668	\$ 265,400	\$ (39,268)
Operations and maintenance:			
Salaries	139,430	154,000	14,570
Employee benefits	41,170	37,600	(3,570)
Heating	25,011	30,000	4,989
Electricity	79,695	75,000	(4,695)
Water/sewer	15,035	14,000	(1,035)
Cleaning	20,070	24,000	3,930
Repairs and maintenance	2,404	10,000	7,596
Other	460	5,000	4,540
Other purchased services	9,087	-	(9,087)
Supplies	7,811	21,000	13,189
Property	1,302	1,000	(302)
Operations and maintenance - transportation:			
Equipment	-	-	-
Vehicle services and maintenance:			
Equipment	-	-	-
Motor fuel	-	3,000	3,000
Total expenditures	<u>646,143</u>	<u>\$ 640,000</u>	<u>\$ (6,143)</u>
Total cash receipts over (under) expenditures	46,100		
Unencumbered cash, July 1	<u>(47,875)</u>		
Unencumbered cash, June 30	<u>\$ (1,775)</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>AT RISK FUND</u>			
Cash receipts:			
Transfers from general fund	\$ 161,811	\$ 148,444	\$ 13,367
Other sources	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>161,811</u>	<u>\$ 148,444</u>	<u>\$ 13,367</u>
Expenditures:			
Instruction:			
Salaries	154,003	\$ 137,000	\$ (17,003)
Employee benefits	7,826	10,334	2,508
Supplies	-	200	200
Other	(18)	910	928
Support services:			
Supplies	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>161,811</u>	<u>\$ 148,444</u>	<u>\$ (13,367)</u>
Total cash receipts over (under) expenditures	-		
Unencumbered cash, July 1	<u>-</u>		
Unencumbered cash, June 30	<u>\$ -</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>CAPITAL OUTLAY FUND</u>			
Cash receipts:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 4,097	\$ 4,024	\$ 73
Delinquent tax	1,500	824	676
Interest on idle funds	4,072	-	4,072
Motor vehicle tax	10,762	11,055	(293)
Recreational vehicle tax	412	429	(17)
Federal flood control	4,690	-	4,690
Transfers from general fund	-	-	-
Other	58,038	-	58,038
State aid	-	-	-
Total cash receipts	<u>83,571</u>	<u>\$ 16,332</u>	<u>\$ 67,239</u>
Expenditures:			
Instruction:			
Property	(7,572)	\$ 10,000	\$ 17,572
Operations and maintenance:			
Property	9,745	10,000	255
Transportation:			
Property	17,725	100,000	82,275
Building improvements:			
Outside contractors	-	20,000	20,000
Other	<u>33,659</u>	<u>1,169,439</u>	<u>1,135,780</u>
Total expenditures	<u>53,557</u>	<u>\$ 1,309,439</u>	<u>\$ 1,255,882</u>
Total cash receipts over (under) expenditures	30,014		
Unencumbered cash, July 1	<u>1,298,105</u>		
Unencumbered cash, June 30	<u>\$ 1,328,119</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>DRIVER TRAINING FUND</u>			
Cash receipts:			
State aid	\$ 2,664	\$ 3,360	\$ 696
Transfer from supplemental general	<u>6,500</u>	<u>15,000</u>	<u>8,500</u>
Total cash receipts	<u>9,164</u>	<u>\$ 18,360</u>	<u>\$ 9,196</u>
Expenditures:			
Salaries	12,920	\$ 20,000	\$ 7,080
Employee benefits	902	1,530	628
Purchased property services	-	3,500	3,500
Teaching supplies and other	-	500	500
Other	-	600	600
Fuel and other	976	11,202	10,226
Property	<u>-</u>	<u>1,250</u>	<u>1,250</u>
Total expenditures	<u>14,798</u>	<u>\$ 38,582</u>	<u>\$ 23,784</u>
Total cash receipts over (under) expenditures	(5,634)		
Unencumbered cash, July 1	<u>20,223</u>		
Unencumbered cash, June 30	<u>\$ 14,589</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>EXTRAORDINARY SCHOOL PROGRAM FUND</u>			
Cash receipts:			
After school fees	\$ 13,117	\$ 11,500	\$ 1,617
Other	621	250	371
Transfer from general fund	6,500	5,000	1,500
Transfer from supplemental general	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>20,238</u>	<u>\$ 16,750</u>	<u>\$ 3,488</u>
Expenditures:			
Instruction:			
Salaries	17,859	\$ 20,000	\$ 2,141
Employee benefits	1,328	1,530	202
Purchased professional and technical services	150	300	150
Supplies	655	850	195
Property	-	2,500	2,500
Other	202	2,500	2,298
Other supplemental service:			
Other	<u>-</u>	<u>9,315</u>	<u>9,315</u>
Total expenditures	<u>20,194</u>	<u>\$ 36,995</u>	<u>\$ 16,801</u>
Total cash receipts over (under) expenditures	44		
Unencumbered cash, July 1	<u>20,245</u>		
Unencumbered cash, June 30	<u>\$ 20,289</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>FOOD SERVICE FUND</u>			
Cash receipts:			
Federal aid	\$ 80,673	\$ 75,896	\$ 4,777
State aid	2,484	1,975	509
Lunches and milk	100,248	91,956	8,292
Transfers from general fund	-	-	-
Transfers from supplemental general	15,000	5,000	10,000
Miscellaneous	<u>918</u>	<u>-</u>	<u>918</u>
Total cash receipts	<u>199,323</u>	<u>\$ 174,827</u>	<u>\$ 24,496</u>
Expenditures:			
Operations and maintenance:			
Salaries	18,107	\$ 13,500	\$ (4,607)
Employee benefits	1,380	1,033	(347)
Other purchased services	681	500	(181)
Property	121	-	(121)
Food service operations:			
Salaries	51,578	55,000	3,422
Employee benefits	3,944	4,000	56
Other purchased services	-	-	-
Food and milk	122,005	150,000	27,995
Miscellaneous supplies	571	2,000	1,429
Equipment	2,979	2,000	(979)
Other	<u>1,665</u>	<u>1,895</u>	<u>230</u>
Total expenditures	<u>203,031</u>	<u>\$ 229,928</u>	<u>\$ 26,897</u>
Total cash receipts over (under) expenditures	(3,708)		
Unencumbered cash, July 1	<u>55,102</u>		
Unencumbered cash, June 30	<u>\$ 51,394</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>PROFESSIONAL DEVELOPMENT FUND</u>			
Cash receipts:			
State aid	\$ -	\$ -	\$ -
Transfers from general fund	-	-	-
Total cash receipts	-	\$ -	\$ -
Expenditures:			
Support services:			
Salaries - clerical	-	\$ -	\$ -
Employee benefits - other	-	-	-
Purchased professional and technical services	-	1,250	1,250
Purchased property services	-	1,325	1,325
Other purchased services	-	-	-
Supplies	-	-	-
Other	689	5,239	4,550
Total expenditures	689	\$ 7,814	\$ 7,125
Total cash receipts over (under) expenditures	(689)		
Unencumbered cash, July 1	7,814		
Unencumbered cash, June 30	\$ 7,125		

See accompanying notes to financial statements.



LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>SUMMER SCHOOL FUND</u>			
Cash receipts:			
Transfer from general fund	\$ <u>4,390</u>	\$ <u>2,500</u>	\$ <u>1,890</u>
Expenditures:			
Salaries	3,840	\$ 2,550	\$ (1,290)
Employee benefits	294	194	(100)
Supplies	<u>20</u>	<u>2,500</u>	<u>2,480</u>
Total expenditures	<u>4,154</u>	\$ <u>5,244</u>	\$ <u>1,090</u>
Total cash receipts over (under) expenditures	236		
Unencumbered cash, July 1	<u>2,744</u>		
Unencumbered cash, June 30	\$ <u>2,980</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>SPECIAL EDUCATION FUND</u>			
Cash receipts:			
Other revenue	\$ 804	\$ 5,000	\$ (4,196)
Transfers from general fund	444,385	497,975	(53,590)
Transfers from supplemental general (local option)	<u>159,247</u>	<u>65,000</u>	<u>94,247</u>
Total cash receipts	<u>604,436</u>	<u>\$ 567,975</u>	<u>\$ 36,461</u>
Expenditures:			
Instruction:			
Payments to special education co-op - assessments	124,287	\$ 265,714	\$ 141,427
Payments to special education co-op flow through	444,385	433,975	(10,410)
Other	-	65,000	65,000
Vehicle operating services:			
Other	-	4,000	4,000
Salaries	910	-	(910)
Employee benefits	70	-	(70)
Mileage in lieu	<u>455</u>	<u>-</u>	<u>(455)</u>
Total expenditures	<u>570,107</u>	<u>\$ 768,689</u>	<u>\$ 198,582</u>
Total cash receipts over (under) expenditures	34,329		
Unencumbered cash, July 1	<u>200,714</u>		
Unencumbered cash, June 30	<u>\$ 235,043</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>VOCATIONAL EDUCATION FUND</u>			
Cash receipts:			
Transfers from general fund	\$ -	\$ 10,000	\$ (10,000)
Transfers from supplemental general	<u>58,116</u>	<u>49,675</u>	<u>8,441</u>
Total cash receipts	<u>58,116</u>	<u>\$ 59,675</u>	<u>\$ (1,559)</u>
Expenditures:			
Instruction:			
Salaries	45,652	\$ 52,000	\$ 6,348
Employee benefits	3,364	4,175	811
Tuition	<u>9,100</u>	<u>3,500</u>	<u>(5,600)</u>
Total expenditures	<u>58,116</u>	<u>\$ 59,675</u>	<u>\$ 1,559</u>
Total cash receipts over (under) expenditures	-		
Unencumbered cash, July 1	-		
Unencumbered cash, June 30	<u>\$ -</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>KPERS SPECIAL RETIREMENT</u>			
<u>CONTRIBUTION FUND</u>			
Cash receipts:			
State aid	\$ <u>167,617</u>	\$ <u>227,567</u>	\$ <u>(59,950)</u>
Expenditures:			
Employee benefits:			
Instruction	167,617	\$ 223,567	\$ 55,950
Instructional support	-	-	-
General administration	-	1,000	1,000
School administration	-	1,000	1,000
Operations and maintenance	-	1,000	1,000
Student transportation services	-	-	-
Food service	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total expenditures	<u>167,617</u>	\$ <u>227,567</u>	\$ <u>59,950</u>
Total cash receipts over (under) expenditures	-		
Unencumbered cash, July 1	<u>-</u>		
Unencumbered cash, June 30	\$ <u><u>-</u></u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	Current Year - <u>Actual</u>
<u>CONTINGENCY RESERVE FUND</u>	
Cash receipts:	
Transfer from general fund	\$ <u>        -</u>
Expenditures:	
Transfer to special education	<u>        -</u>
Total expenditures	<u>        -</u>
Total cash receipts over (under) expenditures	<u>        -</u>
Unencumbered cash, July 1	<u>    82,767    </u>
Unencumbered cash, June 30	\$ <u>    82,767    </u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>FEDERAL GRANTS</u>			
Cash receipts:			
Title I	\$ 36,391	\$ 36,391	\$ -
Title II	14,354	14,480	(126)
Title II-D (technology)	123	-	123
Title IV (drug free)	-	-	-
Title V	-	-	-
Other - Title I ARRA	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total cash receipts	<u>60,868</u>	<u>\$ 50,871</u>	<u>\$ 9,997</u>
Expenditures:			
Salaries	42,578	\$ 40,000	\$ (2,578)
Employee benefits	3,123	3,060	(63)
Purchased professional and technical services	-	2,000	2,000
Other purchased services	-	-	-
Supplies - teaching	-	-	-
Supplies - technology related	-	2,000	2,000
Miscellaneous supplies	-	2,000	2,000
Other	<u>11,272</u>	<u>6,872</u>	<u>(4,400)</u>
Total expenditures	<u>56,973</u>	<u>\$ 55,932</u>	<u>\$ (1,041)</u>
Total cash receipts over (under) expenditures	3,895		
Unencumbered cash, July 1	<u>5,059</u>		
Unencumbered cash, June 30	<u>\$ 8,954</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
<u>RECREATION COMMISSION FUND</u>			
Cash receipts:			
Ad valorem property tax	\$ 40,331	\$ 38,656	\$ 1,675
Delinquent tax	1,170	824	346
Motor vehicle tax	6,334	6,618	(284)
Recreational vehicle tax	234	257	(23)
Other	<u>470</u>	<u>-</u>	<u>470</u>
Total cash receipts	<u>48,539</u>	<u>\$ 46,355</u>	<u>\$ 2,184</u>
Expenditures:			
Transfers to recreation commission	<u>48,539</u>	<u>\$ 38,925</u>	<u>\$ (9,614)</u>
Total cash receipts over (under) expenditures	<u>-</u>		
Unencumbered cash, July 1	<u>-</u>		
Unencumbered cash, June 30	<u>\$ -</u>		

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	<u>Current Year - Actual</u>
 TEXTBOOK AND <u>STUDENT MATERIAL REVOLVING FUND</u>	
Cash receipts:	
Fees (rental)	\$ 15,548
Expenditures:	
Materials and supplies	<u>17,527</u>
Total cash receipts over (under) expenditures	 (1,979)
Unencumbered cash, July 1	<u>2,272</u>
Unencumbered cash, June 30	\$ <u><u>293</u></u>

See accompanying notes to financial statements.



LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	<u>Current Year - Actual</u>
<u>OTHER FEDERAL GRANT</u>	
Cash receipts:	
Rural Education Achievement Program 2003	\$ 33,829
Expenditures:	
REAP grant expenditures	<u>51,500</u>
Total cash receipts over (under) expenditures	(17,671)
Unencumbered cash, July 1	<u>(20,659)</u>
Unencumbered cash, June 30	\$ <u><u>(38,330)</u></u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

EXPENDABLE TRUSTS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	Current Year - <u>Actual</u>
<u>OTHER GRANTS</u>	
Cash receipts:	
Others	\$ -
Expenditures:	
Supplies and other	<u>-</u>
Total cash receipts over (under) expenditures	-
Unencumbered cash, July 1	<u>1,525</u>
Unencumbered cash, June 30	\$ <u><u>1,525</u></u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

EXPENDABLE TRUSTS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	Current Year - <u>Actual</u>
<u>BUILDING ACTIVITY FUNDS</u>	
Cash receipts:	
Student activities:	
Admissions and entry fees	\$ 21,962
Vending	<u>5,651</u>
Total cash receipts	<u>27,613</u>
Expenditures:	
Athletics	16,287
Other	<u>10,214</u>
Total expenditures	<u>26,501</u>
Total cash receipts over (under) expenditures	1,112
Unencumbered cash, July 1	<u>4,303</u>
Unencumbered cash, June 30	<u>\$ 5,415</u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

EXPENDABLE TRUSTS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	Current Year - <u>Actual</u>
<u>NEEDY CHILDREN FUND</u>	
Cash receipts:	
Contributions	\$ -
Expenditures:	
Other	<u>-</u>
Total cash receipts over (under) expenditures	-
Unencumbered cash, July 1	<u>1,031</u>
Unencumbered cash, June 30	\$ <u><u>1,031</u></u>
<u>ENDOWMENT FUND</u>	
Cash receipts:	
Contributions and other	\$ 1,180
Expenditures:	
Scholarships and other	<u>1,000</u>
Total cash receipts over (under) expenditures	180
Unencumbered cash, July 1	<u>1,364</u>
Unencumbered cash, June 30	\$ <u><u>1,544</u></u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

EXPENDABLE TRUSTS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended June 30, 2011

	Current Year - <u>Actual</u>
<u>WORLD WAR II MEMORIAL TRIPS</u>	
Cash receipts:	
Contributions	\$ -
Expenditures:	
Trip expenses	<u>-</u>
Total cash receipts over (under) expenditures	-
Unencumbered cash, July 1	<u>11,897</u>
Unencumbered cash, June 30	\$ <u><u>11,897</u></u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

AGENCY FUNDS  
STUDENT ORGANIZATION FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL  
For the Year Ended June 30, 2011

<u>Fund</u>	<u>Balance, July 1</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30</u>
High school:				
Spirit squad (HS Cheerleader)	\$ 600	\$ 2,783	\$ 2,216	\$ 1,167
TSA	12	-	-	12
Student council	552	808	1,138	222
Drama club	15	672	379	308
Yearbook	2,532	5,637	5,604	2,565
Music	34	346	356	24
FCA	515	70	315	270
LHS activities	1,133	6,653	7,027	759
Photo	141	-	28	113
Library	584	-	188	396
FBLA	80	6,327	5,155	1,252
Class of 2009	946	-	946	-
Class of 2010	1,432	-	-	1,432
Class of 2011	4,971	1,450	5,482	939
Class of 2012	3,162	10,222	8,944	4,440
Class of 2013	2,849	539	431	2,957
Class of 2014	2,833	246	103	2,976
Class of 2015	-	9,476	7,096	2,380
Drill-dance squad	672	-	-	672
Sales tax	82	4,424	4,452	54
District concessions	3,886	27,678	26,862	4,702
Baseball team	101	3,247	3,176	172
Volleyball team	99	-	-	99
Boys basketball	85	7,939	7,487	537
Softball team	508	2,042	1,780	770
Football team	137	4,499	4,040	596
Cross country	185	578	442	321
SADD	133	-	133	-
Interest	1,191	127	-	1,318
National Honor Society	76	509	585	-
Unallocated funds	1,728	1,109	1,743	1,094
Weight lifting	2,116	4,111	3,168	3,059
Spanish club	1,009	1,003	1,899	113
Track team	-	1,684	1,675	9
Forensics	-	1,029	911	118
Subtotal high school - forward	\$ 34,399	\$ 105,208	\$ 103,761	\$ 35,846

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

AGENCY FUNDS  
STUDENT ORGANIZATION FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL  
(Continued)  
For the Year Ended June 30, 2011

<u>Fund</u>	<u>Balance, July 1</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30</u>
Subtotal high school - forward	\$ <u>34,399</u>	\$ <u>105,208</u>	\$ <u>103,761</u>	\$ <u>35,846</u>
Grade school:				
Jr-Hi cheer - dance	811	726	413	1,124
Jr-Hi student council	2,026	5,736	5,804	1,958
LEMS activities	8,260	6,216	10,087	4,389
Girls basketball	577	1,376	1,893	60
Middle school	<u>-</u>	<u>1,532</u>	<u>1,276</u>	<u>256</u>
Subtotal grade school	<u>11,674</u>	<u>15,586</u>	<u>19,473</u>	<u>7,787</u>
Total student organization funds	\$ <u>46,073</u>	\$ <u>120,794</u>	\$ <u>123,234</u>	\$ <u>43,633</u>

See accompanying notes to financial statements.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

DISTRICT ACTIVITY FUNDS  
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add:	
						Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Cash receipts:							
High school athletics:							
General	\$ 1,582	\$ -	\$ 18,861	\$ 22,892	\$ (2,449)	\$ -	\$ (2,449)
Jr-Hi athletics:							
General	6,573	-	4,444	4,829	6,188	-	6,188
Substate tournament	-	-	-	-	-	-	-
Total district activity funds	\$ <u>8,155</u>	\$ <u>-</u>	\$ <u>23,305</u>	\$ <u>27,721</u>	\$ <u>3,739</u>	\$ <u>-</u>	\$ <u>3,739</u>

See accompanying notes to financial statements.



LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS

1 - Reporting Entity

The Board of Education (Board), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the local unified school district. The Board receives funding from local, State and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

2 - Summary of Significant Accounting Policies

(a) Fund Descriptions

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

GOVERNMENTAL FUNDS

General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

(b) Basis of Presentation

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash-basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services and are usually evidenced by a purchase order or written contract.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

The District Board has approved a Generally Accepted Accounting Principles (GAAP) waiver by resolution which allows this type of special reporting.

(c) Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenues, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences is not presented in the financial statements.

(d) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(d) Budget and Tax Cycle (Continued)

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital project funds, trust funds and the following special revenue fund: Textbook and Student Material Revolving Fund. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(e) Annual, Personal and Sick Leave Benefits

Under the terms of the District's personnel policy, District employees are granted annual, personal and sick leave in varying amounts depending on whether the employee is a classified or contracted worker.

Classified and contracted personnel accumulate sick leave at the rate of 12 days per year accumulative to 75 days, and 2 days personal leave per year not accumulated. Contracted employees earn annual leave of 2 weeks per year.

Classified and contracted employees shall be paid \$ 65 per day for unused leave days over an accumulated 75 days. Classified employees will be paid \$ 50 per day for accumulated leave days if they retire with 15 years total in-house service and are eligible under the KPERS 85-point rule.

3 - Compliance with Kansas Statutes

Depository Security

At June 30, 2011, deposits at the Lyndon State Bank, Lyndon, Kansas, were adequately secured in accordance with K.S.A. 9-1402. The Lyndon State Bank, Lyndon, Kansas, was designated as the official depository for the District funds on July 14, 2011. (See Note 4)

Expenditures and Budget

Expenditures exceeded appropriations in the Supplemental General (Local Option) Fund, At Risk Fund, Federal Grants Fund and the Recreation Commission Fund for the year ended June 30, 2011.

Indebtedness and Available Cash

Indebtedness was created in excess of available cash in the General Fund and REAP Grant Fund during the year ended June 30, 2011. (See Note 6)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

4 - Deposits - Cash

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposit may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal deposit insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. During the period ended June 30, 2010, the Government had no "peak period" coverage. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the carrying amount of the District's deposits was \$ 1,772,742 and the bank balance was \$ 2,235,371. The balance was held by one bank resulting in a concentration credit risk. Of the bank balance, \$ 302,196 was covered by federal depository insurance and \$ 1,933,175 was collateralized with securities held by the pledging institution's agent in the District's name. The approximate market value of the securities pledged is \$ 2,739,739.

5 - Defined Benefit Pension Plan

Plan description. The school municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Topeka, KS 66603) or by calling 1-800-228-0366.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5 - Defined Benefit Pension Plan (Continued)

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. For fiscal year 2011, the State of Kansas contributed 9.17% of covered payroll. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2011, 2010 and 2009 were \$ 202,021, \$ 194,855 and \$ 181,424, respectively, equal to the statutory required contributions for each year.

6 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the School District to record any payment of general state aid that is due to be paid during the month of June and is paid to the School District after June 30 as a receipt for the school year ending on June 30. The following shows the revenue as required by the statutes.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Continued)

STATUTORY REVENUES AND EXPENDITURES -  
STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

GENERAL FUND

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Statutory revenues:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 353,333	\$ 335,031	\$ 18,302
Delinquent tax	8,487	7,150	1,337
General state aid	2,362,215	2,469,433	(107,218)
Special education aid	444,385	437,975	6,410
ARRA stabilization fund	57,101	57,101	-
Refunds	<u>54,039</u>	<u>-</u>	<u>54,039</u>
Total statutory revenues	<u>3,279,560</u>	<u>\$ 3,306,690</u>	<u>\$ (27,130)</u>
Expenditures:			
Instruction	1,829,881	\$ 1,813,971	\$ (15,910)
Support services:			
Student support service	81,792	95,200	13,408
Instruction support	72,223	72,300	77
General administration	323,498	324,900	1,402
School administration	219,268	204,700	(14,568)
Operations and maintenance	12,155	-	(12,155)
Student activities	-	-	-
Transportation	130,157	131,700	1,543
Transfers	610,586	663,919	53,333
Adjustment to legal maximum budget	<u>-</u>	<u>18,815</u>	<u>18,815</u>
Total expenditures	<u>3,279,560</u>	<u>\$ 3,325,505</u>	<u>\$ 45,945</u>
Total statutory revenues over (under) expenditures	-		
Unencumbered cash, July 1	<u>-</u>		
Unencumbered cash, June 30	<u>\$ -</u>		

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Continued)

STATUTORY REVENUES AND EXPENDITURES -  
STATUTORY AND BUDGET  
(Continued)

For the Year Ended June 30, 2011

SUPPLEMENTAL GENERAL  
(LOCAL OPTION)

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Statutory revenues:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 311,948	\$ 287,911	\$ 24,037
Delinquent tax	5,778	4,864	914
Motor vehicle tax	32,422	34,027	(1,605)
Recreational vehicle tax	1,182	1,321	(139)
Supplemental state aid	304,649	305,646	(997)
ARRA stabilization funds	-	-	-
Other	<u>344</u>	<u>-</u>	<u>344</u>
Total statutory revenues	<u>656,323</u>	<u>633,769</u>	<u>\$ 22,554</u>
Expenditures:			
Instruction:			
Salaries	16,173	\$ 30,000	\$ 13,827
Employee benefits	-	30,000	30,000
Teaching supplies	17,501	10,000	(7,501)
Textbooks	(28,242)	100	28,342
Supplies (technology related)	3,614	12,000	8,386
Miscellaneous supplies	6,760	37,000	30,240
Activities	36,479	-	(36,479)
Property, equipment and furnishings	395	500	105
Student support services:			
Purchased services - other	(75)	1,000	1,075
Supplies	1	500	499
Other	-	2,500	2,500
Instruction support staff:			
Purchased services - other	1,376	-	(1,376)
Technology supplies	145	500	355
Miscellaneous supplies	2,689	3,000	311
Equipment	511	-	(511)
Other	-	200	200
General administration:			
Other	116	150	34
School administration:			
Property	-	275	275
Other	1,862	3,000	1,138
Transfers:			
Driver training	6,500	15,000	8,500
Extraordinary school program	6,500	-	(6,500)
Food service	15,000	5,000	(10,000)
Vocational education	58,116	49,675	(8,441)
Special education	<u>159,247</u>	<u>65,000</u>	<u>(94,247)</u>
Expenditures - forward	<u>\$ 304,668</u>	<u>\$ 265,400</u>	<u>\$ (39,268)</u>

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Continued)

STATUTORY REVENUES AND EXPENDITURES -  
STATUTORY AND BUDGET  
(Continued)

For the Year Ended June 30, 2011

SUPPLEMENTAL GENERAL  
(LOCAL OPTION)  
(Continued)

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Total statutory revenues - forward	\$ <u>656,323</u>	\$ <u>633,769</u>	\$ <u>22,554</u>
Expenditures - forward	304,668	\$ 265,400	\$ (39,268)
Operations and maintenance:			
Salaries	139,430	154,000	14,570
Employee benefits	41,170	37,600	(3,570)
Heating	25,011	30,000	4,989
Electricity	79,695	75,000	(4,695)
Water/sewer	15,035	14,000	(1,035)
Cleaning	20,070	24,000	3,930
Repairs and maintenance	2,404	10,000	7,596
Other	460	5,000	4,540
Other purchased services	9,087	-	(9,087)
Supplies	7,811	21,000	13,189
Property	1,302	1,000	(302)
Operations and maintenance - transportation:			
Equipment	-	-	-
Vehicle services and maintenance:			
Equipment	-	-	-
Motor fuel	-	3,000	3,000
	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total expenditures	<u>646,143</u>	\$ <u>640,000</u>	\$ <u>(6,143)</u>
Total statutory revenues over (under) expenditures	10,180		
Unencumbered cash, July 1	<u>(47,875)</u>		
Unencumbered cash, June 30	\$ <u>(37,695)</u>		



LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

NOTE TO FINANCIAL STATEMENTS  
(Continued)

7 - Jointly Governed Organizations

The District, in cooperation with five other districts in the area, has created a special educational cooperative under K.S.A. 12-2901 through 12-2907. Three Lakes Educational Cooperative Interlocal No. 620 (Cooperative) provides a full range of special educational programs and support personnel to meet the needs of all exceptional students, ages 3 to 21, in the least restrictive environment. The Board of Education (Directors) consists of one member of the Board of Education of each participating district. Funding for the Cooperative is furnished by member assessments, state aid and federal grants.

The District, in cooperation with the City of Lyndon, adopted a joint resolution to create a joint recreation commission pursuant to the provisions of K.S.A. 12-1922, et seq., effective July 1, 1997. The Commission members are appointed, 2 by the City and 2 by the Board of Education. The 5th member is selected by the 4 appointed members. The annual levy, not to exceed two mills, is on all property located within the school district boundaries.

8 - Supplemental Retirement Benefit

The Board has approved a supplemental retirement benefit for teachers retiring from the District. To qualify for this benefit, the teacher must have been employed by the District for 15 total years and retire using the KPERS 85-point rule. The plan will pay benefits monthly for a maximum of four years; the length of time will be reduced for those retiring between the ages of 62 and 64. Those retiring will receive \$ 300 per month. The 2010-2011 expense for this benefit was \$ 16,245.

9 - Contingency

The District receives federal and State grants for specific purposes that are subject to review and audit by federal and State agencies. Such audits could result in a request for reimbursement by federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of District management, such disallowances, if any, will not be significant to the District's financial statements.

9 - Operating Transfers

	<u>Authority</u>	<u>From</u>	<u>To</u>
General fund	K.S.A. 72-6428	\$ 610,586	\$ -
Supplemental general fund (local option)	K.S.A. 72-6433	245,363	-
Contingency reserve	K.S.A. 72-6428	-	-
Capital outlay fund	K.S.A. 72-6428	-	-
Driver training fund	K.S.A. 72-6428	-	6,500
Food service fund	K.S.A. 72-6428	-	15,000
Professional development fund	K.S.A. 72-6428	-	-
Special education fund	K.S.A. 72-6427	-	603,632
Vocational education fund	K.S.A. 72-6428	-	58,116
Summer school fund	K.S.A. 72-6428	-	4,390
Contingency reserve fund	K.S.A. 72-6428	-	-
At risk fund	K.S.A. 72-6428	-	161,811
Extraordinary school program fund	K.S.A. 72-6273	-	6,500

SUPPLEMENTARY INFORMATION

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
COMPARED WITH BUDGET  
Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Expenditures:			
Instruction:			
Salaries	\$ 1,327,212	\$ 1,346,190	\$ 18,978
Employee benefits	419,675	409,087	(10,588)
Other	10,912	3,000	(7,912)
Purchased professional and technical services	8,062	15,000	6,938
Purchased property services	35,466	33,994	(1,472)
Supplies - general supplemental	-	3,000	3,000
Supplies - technology related	63	500	437
Miscellaneous supplies	-	3,000	3,000
Textbooks	28,491	-	(28,491)
Property	-	200	200
Total instruction	<u>1,829,881</u>	<u>1,813,971</u>	<u>(15,910)</u>
Support services:			
Student support services:			
Salaries	75,598	87,500	11,902
Employee benefits	6,194	7,000	806
Other purchased services	-	200	200
Supplies	-	500	500
Total student support services	<u>81,792</u>	<u>95,200</u>	<u>13,408</u>
Instruction support staff:			
Salaries	64,006	67,300	3,294
Employee benefits	5,099	5,000	(99)
Purchased property services	2,748	-	(2,748)
Books and periodicals	370	-	(370)
Total instruction support staff	<u>\$ 72,223</u>	<u>\$ 72,300</u>	<u>\$ 77</u>

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
COMPARED WITH BUDGET  
(Continued)  
Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Expenditures (Continued):			
General administration:			
Salaries	\$ 176,279	\$ 164,000	\$ (12,279)
Employee benefits	45,492	43,900	(1,592)
Other service	430	5,000	4,570
Purchased professional and technical services	-	7,000	7,000
Board expense	6,860	-	(6,860)
Purchased property services	3,310	8,000	4,690
Insurance	56,787	60,000	3,213
Communications	30,829	37,000	6,171
Supplies	2,001	-	(2,001)
Property	395	-	(395)
Other	<u>1,115</u>	<u>-</u>	<u>(1,115)</u>
Total general administration	<u>323,498</u>	<u>324,900</u>	<u>1,402</u>
School administration:			
Salaries	173,262	173,200	(62)
Employee benefits	43,671	31,000	(12,671)
Purchased professional and technical services	-	500	500
Purchased property services	375	-	(375)
Supplies	1,960	-	(1,960)
Property	<u>-</u>	<u>-</u>	<u>-</u>
Total school administration	<u>219,268</u>	<u>204,700</u>	<u>(14,568)</u>
Operations and maintenance:			
Purchased professional and technical services	2,000	-	(2,000)
Purchased property services	1,183	-	(1,183)
Other services	1,145	-	(1,145)
Supplies - maintenance	<u>7,827</u>	<u>-</u>	<u>(7,827)</u>
Total operations and maintenance	\$ <u>12,155</u>	\$ <u>-</u>	\$ <u>(12,155)</u>

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
COMPARED WITH BUDGET  
(Continued)  
Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Expenditures (Continued):			
Transportation:			
Operations and maintenance:			
Energy	\$ 260	\$ -	\$ (260)
Supervision:			
Salaries	12,976	12,000	(976)
Employee benefits	943	900	(43)
Vehicle operating services:			
Salaries	43,420	43,000	(420)
Employee benefits	35,975	35,300	(675)
Other	-	1,000	1,000
Motor fuel	24,209	22,500	(1,709)
Other purchased services	-	2,000	2,000
Vehicle services:			
Supplies	11,560	14,000	2,440
Other	<u>814</u>	<u>1,000</u>	<u>186</u>
Total transportation	<u>130,157</u>	<u>131,700</u>	<u>1,543</u>
Student activities:			
Activity	<u>-</u>	<u>-</u>	<u>-</u>
Total student activities	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to:			
Capital outlay	-	-	-
Driver training	-	-	-
Food service	-	-	-
Professional development	-	-	-
Summer school	4,390	2,500	(1,890)
Special education	444,385	497,975	53,590
Vocational education	-	10,000	10,000
Contingency reserve	-	-	-
At risk (K-12)	161,811	148,444	(13,367)
Extraordinary school program	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total transfers to	<u>610,586</u>	<u>663,919</u>	<u>53,333</u>
Adjustment to legal maximum budget - amended	<u>-</u>	<u>18,815</u>	<u>18,815</u>
Total expenditures	<u>\$ 3,279,560</u>	<u>\$ 3,325,505</u>	<u>\$ 45,945</u>

See accompanying independent auditor's report.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

FUNDS ON DEPOSIT COMPARED WITH DEPOSITORY SECURITY  
Year Ended June 30, 2011

	F.D.I.C. Coverage	Securities Pledged Market Value	Total Coverage	Funds on Deposit	Funds At Risk
	\$ 1,195	\$ -	\$ 1,195	\$ 1,195	NONE
	51,001	-	51,001	51,001	NONE
	<u>250,000</u>	<u>2,739,739</u>	<u>2,989,739</u>	<u>2,183,175</u>	<u>NONE</u>
	<u>\$ 302,196</u>	<u>\$ 2,739,739</u>	<u>\$ 3,041,935</u>	<u>\$ 2,235,371</u>	

Lyndon State Bank, Lyndon, Kansas:  
Demand deposit  
NOW account - Activity Fund  
NOW account - District

See accompanying independent auditor's report.

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSASSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA No.	Beginning Balance July 1, 2010	Receipts Recognized	Expenditures	Ending Balance June 30, 2011
U.S. Department of Education:					
Rural Education Achievement Program (REAP) fy 2003	84.358a	\$ (20,659)	\$ 33,829	\$ 27,867	\$ (14,697)
Passed through State Department of Education:					
Title I Low Income	84.010	-	36,391	36,391	-
Title IID Educational Technology	84.318	-	123	-	123
Title IIA Teacher Quality	84.367	2,250	14,354	11,272	5,332
Title IV Safe and Drug Free Schools and Communities	84.186	-	-	-	-
Title I Low Income - ARRA	84.389	2,810	10,000	9,310	3,500
Stabilization - 2009 ARRA	84.394	-	57,101	57,101	-
Education Jobs Fund	84.410	-	99,983	99,983	-
Total Department of Education		5,060	217,952	214,057	8,955
		(15,599)	251,781	241,924	(5,742)
U.S. Department of Agriculture:					
Passed through State Department of Education:					
School Breakfast	10.553	-	11,195	11,195	-
National School Lunch	10.555	-	69,478	69,478	-
Total Department of Agriculture		-	80,673	80,673	-
Total federal assistance		\$ (15,599)	\$ 332,454	\$ 322,597	\$ (5,742)

(Continued)

LYNDON UNIFIED SCHOOL DISTRICT NO. 421  
LYNDON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)  
Year Ended June 30, 2011

Note 1: Basis of Accounting. This schedule is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

See accompanying independent auditor's report.